WEEKLY ECONOMIC REVIEW

June 2, 2006

The Canadian economy grew at a robust 3.8 per cent rate (annualized) in the first quarter of 2006, up from the 2.6 per cent pace set in the previous quarter. Rising household demand was largely responsible for the acceleration in growth, with residential investment and spending on consumer durables increasing substantially.

Canada's current account[1] position remained strong in the first quarter of 2006, showing a surplus of $10.7 billion (seasonally adjusted). While the current account surplus was down $2.4 billion from the previous quarter (due to a nearly 30 per cent drop in the price of natural gas), it was more than double the surplus recorded in the first quarter of 2005.

The U.S. economy added just 75,000 jobs in May, well below the 170,000 forecasted. The weak jobs report diminished expectations that the U.S. Federal Reserve Board will raise interest rates at its next meeting on June 29th. This sent the U.S. dollar lower against most currencies in Friday trading.

The Canadian dollar touched a new 28-year high of 91.4 cents U.S. this week, gaining further support from the strong first quarter Canadian economic data.

Cdn Dollar (C¢/US$) ↑

June 2, 2006	90.9 ¢
May 26, 2006	90.3¢
2006-07 YTD	89.0¢

WTI Oil SUS/bbl ↓

June 1, 2006	$70.34
May 25, 2006	$71.32
2006-07 YTD	$70.62

Nymex Natural Gas CS/mcf* ↑

July Contract

June 2, 2006	$7.29
May 26, 2006	$6.53

*Estimate based on Nymex Futures Market Price

Oil prices weakened slightly after the United States indicated its willingness to hold talks with Iran on its nuclear program, and OPEC decided not to lower its production quotas.

Statistics Canada reported that labour income in Alberta was up by a remarkable 10.4 per cent in the first quarter of 2006 (compared to the same period in 2005).

[1]The current account figure is the combined balances on trade in goods, services, income, and net current transfers.

Economic Indicators Released this Week	Reference Period	Quarter/Previous Quarter	Quarter/Previous Quarter (Annualized Rate)	Quarter/Previous Year's Quarter
	1st Quarter			
Canadian Real GDP (annualized)	1,181,226	0.9%	3.8%	3.2%
Canadian Current Account Balance ($millions)	+10,651	-18.2%	N/A	122.2%
		Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Industrial Product Price Index (1997=100)	April			
Canada	113.9	1.3%	2.2%	1.6%
Raw Materials Price Index (1997=100)	April			
Canada	160.9	5.7%	12.9%	11.7%
U.S. Employment (non-farm payrolls)	May	Gain/Loss from Previous Month (#)	Month/Previous Year's Month (Y/Y)	Y/Y (% change)
	135.1 million	+75,000	+1,896,000	1.4%

Source: Statistics Canada

[1]Year-to-date 2006 compared to the same time period in 2005. For example: January-April 2006 versus January-April 2005